

Message Text

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ACTION EA-09

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AMEMBASSY PARIS
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C O N F I D E N T I A L PEKING 2649

E.O. 11652: GDS
TAGS: ETRD, CH, FR
SUBJ: SINO-FRENCH TRADE TALKS

1. SUMMARY: THE FINAL SESSION OF THE SINO-FRENCH MIXED TRADE COMMISSION WAS CONCLUDED DECEMBER 17 AFTER TWO DAYS OF CORDIAL BUT LARGELY NON-SUBSTANTIVE DISCUSSIONS. WHILE HOLDING OUT PROSPECTS OF INCREASED FUTURE TRADE, THE CHINESE SIDE COMPLAINED ABOUT THE FRENCH TRADE SURPLUS AND HIGH PRICES FOR TECHNOLOGY. THE CHINESE SHOWED LITTLE INTEREST IN EXPORTING PETROLEUM, NATURAL GAS OR URANIUM TO FRANCE. END SUMMARY.

2. THE FIRST SESSION OF THE SINO-FRENCH MIXED COMMISSION CONCLUDED DECEMBER 17 AFTER TWO DAYS OF MEETINGS HERE IN PEKING. THE FRENCH DELEGATION WAS LED BY LARRERA DE MOREL, DIRECTOR OF EXTERNAL ECONOMICS IN THE MINISTRY OF ECONOMICS AND FINANCE.
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ALSO REPRESENTED WERE THE MINISTRIES OF POST AND TELECOMMUNICATIONS, AGRICULTURE, INDUSTRY, AND FOREIGN AFFAIRS, AS WELL AS THE CENTER FOR SINO-FRENCH TRADE. CHAIRMAN OF THE CHINESE SIDE, ALL OF WHOM WERE OFFICIALS OF THE MINISTRY OF FOREIGN TRADE, WAS CHENG TO-PIN, DIRECTOR OF THE THIRD DEPARTMENT.

3. FRENCH EMBOFF (LAMMERT) PROVIDED USLO WITH AN ACCOUNT OF THE MEETINGS, DESCRIBING THEM AS CORDIAL BUT SHORT ON SUBSTANCE, FOLLOWING A PATTERN COMMON TO MANY SINO-EUROPEAN GOVERNMENT-TO-GOVERNMENT TRADE TALKS. AS THEY HAD IN OTHER RECENT CONVERSATIONS WITH FRENCH VISITORS, CHINESE OFFICIALS REFERRED TO THE "RADIANT" PROSPECTS FOR SINO-FRENCH TRADE.

4. FRENCH OFFICIALS FENDED OFF CHINESE REFERENCES TO THE LARGE BILATERAL FRENCH TRADE SURPLUS BY PREDICTING A BALANCE WOULD BE ACHIEVED IN 1978 AFTER FRENCH DELIVERIES WERE COMPLETED ON WHOLE PLANTS CONTRACTED FOR IN 1973-74. NONE OF THE FRENCH SUGGESTIONS FOR REDRESSING THE IMBALANCE BY INCREASING PRC EXPORTS TO FRANCE MET WITH A POSITIVE RESPONSE. WHEN MINISTRY OF INDUSTRY REP RENON SUGGESTED AN ATTEMPT BE MADE TO STIMULATE FRENCH IMPORTS IN THE ENERGY FIELD (PETROLEUM, NATURAL GAS, OR URANIUM), THE CHINESE RESPONDED THAT THESE MATERIALS WERE NEEDED DOMESTICALLY AND WERE NOT AVAILABLE AT THE PRESENT TIME. THE CHINESE DID COMPLAIN ABOUT THE EC TEXTILE RESTRAINTS AND ASKED FOR FRENCH SUPPORT IN GAINING GREATER ACCESS FOR PRC TEXTILES.

5. IN REGARD TO FRENCH EXPORTS, THE CHINESE SIDE SAID THE DAMAGE DONE BY THE DEPOSED SHANGHAI GANG OF FOUR MUST BE ASSESSED AND REPAIRED BEFORE FURTHER PURCHASES OF FRENCH TECHNOLOGY COULD BE CONSIDERED. IN THIS CONNECTION, THE CHINESE NOTED THAT FRANCE HAD LOST CONFIDENTIAL

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AT LEAST FIVE "MAJOR" SALES OF TECHNOLOGY TO THE PRC IN THE LAST TWO YEARS BECAUSE FRENCH PRICES WERE NOT COMPETITIVE. INSTANCES CITED INCLUDED A MODERN LOGGING SYSTEM BOUGHT FROM CANADA, AN INSECTICIDE PLANT, AND A PETROCHEMICAL PLANT BOUGHT FROM JAPAN.

6. THE CHINESE SIDE DISCLAIMED COMPETENCE TO HANDLE FRENCH SUGGESTIONS FOR EXHIBITIONS AND TECHNICAL EXCHANGES AND SAID THE PROPOSALS WOULD BE PASSED TO THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE. GATES

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